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GAME WARDENS' AND PEACE OFFICERS' RETIREMENT SYSTEM MEMBER HANDBOOK

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Mission Statement: ***The Montana Public Employee Retirement Administration (MPERA) will efficiently provide quality benefits, education and service to help our plan members and beneficiaries achieve a quality retirement.***

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Contacting the MPERA

If you have any questions about the Game Wardens' and Peace Officers' Retirement System (GWPORS), call or e-mail us or visit our website.

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In most cases, if you know the name of the person you are e-mailing, use their first initial and their last name plus @state.mt.us.

If you don't know who to contact, e-mail our "front desk" and we'll forward your question to the right person. The MPERA e-mail address is: **Mpera@state.mt.us**

Web Site

For updated information and to view MPERA newsletters and other publications, visit us on the web at http://www.discoveringmontana.com/doa/perb

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Preface

This *Game Wardens' and Peace Officers' Retirement System Member Handbook* is a general summary of the benefits provided by the Montana Game Wardens' and Peace Officers' Retirement System (GWPORS). It is intended to give you a general idea of your benefits and to acquaint you with the GWPORS. Every effort has been made to ensure the contents agree with the law and rules. The law and its interpretation can change, so this handbook may be out-of-date a few years after it is published. This handbook is not a final source of the law and rules. IT SHOULD NOT BE TAKEN AS FINAL LEGAL AUTHORITY. Information in this handbook is based on 2001 law. Benefits are based on the law in effect at the time of your termination from employment; thus, some information found here may not apply in specific cases. If this handbook differs with law or rules as the Board interprets them, the law or rules will apply. This handbook replaces all previous GWPORS member handbooks.

Montana Code

The law governing the GWPORS may be found in Title 19, Chapters 2 and 8, Montana Code Annotated (MCA). The MCA is available on line at: www.state.mt.us/leg/branch/laws.htm

References to the pertinent sections of the MCA and Administrative Rules of Montana (ARM) are provided in parenthesis throughout this publication.

Introduction

Retirement Security for our Members Since 1963

The Game Wardens' and Peace Officers' Retirement System (GWPORS) is a public pension plan for Montana game wardens and peace officers. In 1963, the Legislature created the GWPORS to grant a retirement, disability, or death benefit to plan members and their beneficiaries. As of June 30, 2001, membership of the GWPORS consisted of the following:

GWPORS Membership

Number of participating employers	8
Active plan members	521
Terminated plan members entitled to but not yet receiving benefits or a refund:	
Vested	9
Non-vested	81
Retirees and beneficiaries receiving benefits:	
Service Retirements	74
Disability Retirements	2
Survivor Benefits	3

The Public Employees' Retirement Board (Board) is an independent, seven-member board, appointed by the Governor to administer the GWPORS and seven other retirement systems as well as the State's Deferred Compensation Plan. The Public Employee Retirement Administration (MPERA) does the day-to-day work. This handbook uses the terms "we," "us," the MPERA, and Board interchangeably.

Money that you pay into the GWPORS earns income and helps pay for your benefit. At the MPERA, we keep track of your money in your own account, and credit your account with interest. We combine the funds from all accounts in a trust fund, which the Board of Investments invests. Income earned from investing the trust fund goes back into the

fund. Only the Board may authorize payment from the trust fund. Current law limits payments to benefits and refunds for members or their survivors. In addition, the Board must pay administrative expenses from the investment earnings. (§19-2-408 and 19-2-505, MCA)

Every two years, the Board's actuary must rate the trust fund's capability to pay the benefits earned by members. Based on the fund's strength and the actuary's advice, the Board may initiate increases in benefits. Benefits are set by law, and only the Legislature may change them. Before each legislative session, the Board will review the sufficiency of the benefits and advise the Legislature. (§§ 19-2-403 and 19-2-405, MCA)

GWPORS is a defined benefit retirement system. The benefits you receive are based on your years of service and your highest average compensation rather than the amount of money you contribute and the interest which accrues to your account

Section I: Membership

Membership is mandatory for state game wardens and for state peace officers. Exceptions to this are provided in this section under optional membership. (§ 19-8-301, MCA)

1. Membership Enrollment

Except as noted under Optional Membership on the next page, membership enrollment is required for all GWPORS-covered jobs. You become a member by filling out a membership card. The information on it is important to administer your retirement.

Membership

The following state peace officers must become members of the GWPORS: (§ 19-8-301, MCA)

- ❑ Game wardens assigned to law enforcement in the Department of Fish, Wildlife and Parks;
- ❑ Motor carrier officers employed by the Department of Transportation;
- ❑ Campus security officers employed by the University System;
- ❑ Wardens, deputy wardens, corrections officers, drill instructors, and probation and parole officers employed by the Department of Corrections;
- ❑ Stock inspectors and detectives employed by the Department of Livestock; and
- ❑ Motor vehicle inspectors employed by the Department of Justice.

Membership Cards

New employees must complete a membership card upon starting work in a new job covered by the GWPORS. Your payroll clerk should provide you with this card on your first day of work. Complete the card and return it to the clerk who will send it to us. Membership may not be discontinued as long as you are employed in a position covered by the GWPORS.

The MPERA will not pay a benefit or refund unless you have a membership card on file with us. A membership card is a vital record; you must keep it up-to-date. **Update the card whenever any of the information on the card changes.** To update your information, complete a new card and give it to your payroll clerk. The payroll clerk must send it to us. Marriage, divorce, births of children, and death of a beneficiary are reasons to update your card. We print data from your membership card on your Personal Statement of Account which is mailed to you each August. Check the statement carefully. If any of the Member or Named Beneficiary data is wrong, submit a new card to your payroll clerk. (§ 19-2-801, MCA and ARM 2.43.402)

Optional Membership

A member of the GWPORS who transfers to a position other than law enforcement with the same state agency may remain in the GWPORS. Also, a member of the Public Employees' Retirement System (PERS) transferring to a GWPORS-covered position may become a member of the GWPORS or may remain in the PERS.

The member must file a **written election** with the MPERA to select whether they wish to be in the GWPORS or PERS when transferring to a new position. The election must be filed within 30 days after transferring to the new position. (§ 19-8-302, MCA)

2. Contributions

Contributions to the GWPORS come from you and your employer. The following is an explanation of contributions to the GWPORS and what is expected of you and your employer.

Member Contributions

All members must contribute part of their gross pay to the GWPORS. The current contribution rate is 10.56%. Your employer will withhold this money from your gross pay and send it to us. We will credit your contribution to your individual account. (§ 19-8-502, MCA)

Interest: Your GWPORS account earns interest and we add it to your account each month. **The interest credited to your account will not affect the amount of your monthly retirement benefit.** If you end your GWPORS-covered employment and leave your money on account, it will continue to collect interest. If you take a lump sum refund instead of a monthly benefit, you will receive the interest credited to your account.

Tax-Deferred Contributions: Since July 1985, the money you contribute to the GWPORS is tax-deferred. The interest your account earns has always been tax-deferred. This means you don't pay state and federal taxes until you receive the money as a benefit or refund. Any money you paid to the GWPORS before July 1985 was taxed. In other words, you paid the taxes before you paid the money to the GWPORS. If you have taxed money in your account and receive a lump sum refund, or retire, then part of your refund or monthly benefit will be tax exempt.

Purchase of Service: To purchase refunded service or other types of optional service, you may contribute amounts beyond your regular contributions. These additional payments are tax-deferred if you authorize payment by a payroll deduction contract. If these contributions are not made through payroll deduction, they are not tax-deferred. You will receive interest on service purchase payments at the same rate you receive interest on your regular contributions. All interest paid to a member's account is tax-deferred. (§19-2-704, MCA)

Employer Contributions

Your employer also contributes to the trust fund. Each month employers contribute 9% of their total GWPORS-covered payroll. Employer contributions provide "pooled" funds for retirement, disability, and death benefits. Employer contributions are not refunded to members. (§ 19-8-504, MCA)

Refund of Contributions

When you receive a refund, you are no longer a member of the GWPORS. You will have no right to any form of GWPORS benefit.

Vested members who end GWPORS-covered employment may leave their money on account; it will continue to earn interest. They may also receive a refund of the accumulated contributions (member contributions and interest) in their account. To request a refund, you must complete an application, which your employer will supply. The application has two parts; one for the member, and one for the employer. You must complete the member section, then give it to your employer. Your employer will complete the application and send it to us. If you have been inactive for more than three months, you should contact us directly to apply for a refund. (§19-2-602, MCA)

Processing a Refund: We cannot process your refund before your employer sends us the application and the final payroll information. This process may take 6 to 8 weeks from the date you get your last paycheck. Extending your last day of work into a new pay period or month may increase the processing time.

If, after receiving a refund, you accept a GWPORS-covered job, you will again become a member. We will consider you a new member without credit for the refunded service. You may redeposit the refunded service plus the amount of interest that would have accrued had the money remained on account, to reinstate it for credit. For more details see Purchase of Service, on pages 17 - 19. (§19-2-603, MCA)

If you are not a vested member (less than five years of membership service) at the time you terminate service and you have less than $5,000 in accumulated contributions (your contributions plus interest), you must receive a lump sum refund. You may also make a written request to have your eligible contributions rolled over to an eligible retirement plan or other eligible account. Inactive non-vested members who have more than $5,000 in accumulated contributions may leave their money on account and it will continue to earn interest. However, they are eligible only for a refund of their accumulated contributions and will have no right to any form of GWPORS benefit. [§ 19-2-602 and 19- 8-301(3); ARM 2.43.603]

NOTE:
If you receive your refund directly, the IRS requires us to withhold 20% for tax purposes. The IRS may also charge you an additional 10% penalty for early withdrawal. For more information, see Taxes on Refunds, on page 38.

3. Service

The amount of time you work and contribute to the GWPORS affects the amount of your retirement benefit. The benefit you receive will depend on the number of years you work in a GWPORS-covered job, whether you work full- or part-time, and your purchase of additional service.

Membership Service

We use membership service to determine if you are eligible for vesting, retirement, or other benefits. You earn one month of membership service for any month you contribute to the GWPORS, regardless of the number of hours you work that month. You earn membership service for all periods of service, whatever the hours you work or the pay you receive.

If eligible, active and inactive members may purchase some types of service that will count as membership service. (See Purchase of Service, on pages 17- 19.) Retirees may not earn membership service, nor may they buy service. Your total membership service may not match service for other employee benefits, such as the rate at which you earn annual leave. Service for different benefits may vary because the laws and rules that apply are different. (§§ 19-2-303 19-2-409, and 19-2-702, MCA)

Vesting

When you have five years of membership service, you have a "vested" right to a retirement benefit if you meet the other eligibility requirements. (See page 22, Retirement Benefits.) Even if your GWPORS-covered employment ends, you have the right to a future benefit, when eligible, if you are a vested member. If you withdraw your accumulated contributions, you give up your right to retirement benefits.

Example: A member becomes vested after earning five years of membership service (60 membership-service months). If you were

to leave GWPORS-covered employment at age 37 with nine years of membership service, and if you do not withdraw your contributions, you may receive a monthly benefit when you are eligible for retirement at age 55.

Service Credit

Your service credit affects the amount of your retirement benefit. You earn one month service credit for each month of full-time service. Full-time service means your employer paid you for at least 160 hours of work during that month. You may not get credit for more than one month even if you work more than 160 hours during a month. If you work less than 160 hours during any month, you will receive proportional service credit. For example, if you worked 80 hours during a given month, you would earn 0.5 months of service credit. However, for that same month you will earn one month of membership service. (§19-2-701, MCA; ARM 2.43.406 - 408, and 410)

Your service credit years at retirement will be calculated by dividing service credit months by 12.

Example: Suppose you were hired April 1, 1982 and you work full-time until June 30, 2002, when you will retire. Your months of service credit would be calculated as follows:

Period of Employment	Months
April 1982 - December 1982	9.0
January 1983 - December 2001	228.0
January 2002 - June 2002	6.0
TOTAL	243.0

243 months divided by 12 months = 20.25 years of service credit. The 20.25 years of service credit would be used to calculate your service retirement benefit. (See page 22.)

Part-time Service

Upon retirement, the MPERA will adjust either your service credit or Highest Average Compensation (HAC) if you work part-time. We will adjust one or the other to prevent a double reduction of your benefit. If you retire with a full-time salary, then we will not adjust your part-time service credits to calculate your benefit. We will not make the adjustment until we calculate your retirement benefit.

Personal Statement of Account

Each August, the MPERA will send you a statement with information concerning your retirement account. Carefully review the statement to verify that all the information is correct. If you have corrections or changes to any of the personal information or questions concerning account information, submit them to the MPERA **in writing**, along with a copy of your statement.

If you have part-time service, the total service credit reported on your statement may seem wrong. The service reflects the service reported by your employer. When your employer reports you worked less than 160 hours, the system gives you less than one month of service credit. As noted above, we will make adjustments for part-time service when you retire. We adjust your service to prevent a double reduction of your benefit for part-time service. However, if you work full-time somewhere else, then your Highest Average Compensation (HAC) may be based on that full-time service. When your HAC is based on full-time service, we don't adjust your part-time service.

NOTE:
We will correct mistakes in your account or service credit when we identify them, or at least before your benefit is final. Mistakes will not bind the MPERA to pay a benefit for which you are not eligible. If you think the service credit on your statement is wrong, **please inform us in writing**, providing specific information including your current address.

Purchase of Service

Eligible members may purchase various types of membership service and service credit. Contact us for complete details about your eligibility. **A written request to initiate the cost statement is required.** More detailed information on requesting a cost statement, payment for the purchase, as well as the types of service which may be purchased, is summarized below and on the following pages.

Request a Cost Statement: To purchase service, you must receive a cost statement. You must first write to us and provide the following information: your full name (including any former names), a current address, Social Security Number, and the type of service you wish to buy. You should also send us any documents that relate to the service, including the approximate dates of service. Your former employer can usually provide you copies of relevant documents. We will review the request and send you a cost statement for buying any service for which you are eligible. (ARM 2.43.428)

You must pay the lump-sum cost or start monthly payments within 30 days. After 30 days, the cost statement is not valid and you must contact us for an updated cost statement. Only the MPERA can give you a cost statement. A cost statement from any other source may not be used.

Payment for Purchase: You may pay for a service purchase in one lump-sum, or you may make monthly payments. Active members can make monthly payments by tax-deferred payroll deduction. Inactive vested members, active members not paid monthly, or active members who wish to self-pay may send payments directly to the MPERA. (These payments are not tax-deferred.) If you fail to make a regular monthly payment, you give up the right to make any more payments. Your service purchase will be prorated. We will track your monthly payments in an additional contribution account until you complete the service purchase contract. Then we will transfer the money to your regular account and credit your account with the service.

Vested members may purchase most types of service at any time before retirement. Be aware, any delay may increase the cost because of added interest or higher salaries. You may not buy any service that will qualify you for a retirement from another public retirement system. To buy this service, you must receive a refund of the service from the other public system. Members must complete all service purchases before they retire. (§ 19-2-704, MCA)

Types of Service Which May Be Qualified:

1. Refund: Refunded service means you terminated your job, and the MPERA paid you the accumulated contributions (your contributions plus interest) in your account. To purchase refunded service, you must repay the contributions and interest you received as a refund. You must also pay the interest the refund would have earned if you had left it on deposit. Refunded service is both membership service and service credit. (§ 19-2-603, MCA, and ARM 2.43.420 and 2.43.422)

2. Montana Public Service: Members may buy service refunded, or for which they are eligible to receive a refund, from other Montana statewide retirement systems administered by the MPERA. Other full-time public service employment with the state or a political subdivision of the state may also qualify. All service referenced in this paragraph is both membership service and service credit. (§ 19-8-902, MCA; ARM 2.43.420and 2.43.422)

3. Employment in United States Government: A member assigned to a federal agency under the Intergovernmental Personnel Act of 1970 may purchase the federal employment in the GWPORS. This service can be purchased if the member has at least five years of membership service and returns to full-time service in a GWPORS-covered position for at least one year after completing employment with the federal agency. (§ 19-8-903, MCA)

The member may continue making contributions to the GWPORS while assigned to the federal agency or may pay an amount equal to the regular employer and employee contributions plus interest within 2 years after returning to a GWPORS-covered job. (§ 19-8-903, MCA and ARM 2.43.430)

4. Military: You may buy up to 5 years of active military service, if you have at least 15 years of service credit in GWPORS. Military service is purchased at the actuarial cost. Normally, if you are receiving a retirement from the military, you may not buy that military service. Military service is both membership service and service credit. (§19-8-901, MCA; ARM 2.43.437)

5. Additional Service ("1-for-5") Purchase: For each 5-year period of membership service, you may buy 1 year of additional service credit. You may buy no more than 5 years of additional service. Members eligible to buy 1 year may buy less than a full year.

"1-for-5" service is not membership service and it cannot make you eligible to retire or to purchase other types of service. We will include all service credit, including the additional "1-for-5", when calculating the amount of your retirement benefit. Your total service credit on your annual statement will **not** include the 1-for-5 service you purchase; however, it will be added to your service credit when we calculate your retirement benefit. (§ 19-8-904, MCA)

6. Absence Due to Illness or Injury: Time that a member is absent from work due to a work-related injury or illness is considered membership service. To qualify, the illness or injury must be work-related. The time which can be qualified may not exceed five years. If the member is eligible to and pays the contributions and interest, the absence will also count as service credit. Upon return to work, the employee and employer must file a written application to buy the time. The MPERA must receive certification the injury was work-related within one year of the member's return to work. Members lose the right to contribute for the absence if they received a refund of their account during the absence. (§ 19-8-905, MCA)

Limitation: There are some limitations to purchase of service. Current law limits your purchase of military and additional (1-for-5) service to a combined total of 5 years. (§ 19-8-906)

Section II: Benefits

To receive retirement benefits under the GWPORS defined benefit plan, you must fulfill certain age and service requirements. Retirement benefits are payable directly to you. The benefit option which you choose at retirement may also provide for a continued survivor benefit. This section explains how to qualify for retirement, the payment options available, how to calculate your benefits, and sample calculations for benefit options.

1. Qualifying for Benefits

Vesting

When you complete five years of **membership service** (explained on page 14), you become a vested member. Once vested, the MPERA guarantees you a retirement benefit after you reach the minimum age and service requirement. (See Page 22-23, Retirement Benefits.)

Active Members

You are an active member if you are in a GWPORS-covered job and making the required contributions to the system. If you are a vested (five years or more membership service), active member, you may terminate GWPORS-covered employment and leave your contributions in the GWPORS. When eligible, an inactive, vested member may apply for a monthly retirement benefit. (See information on the next page for Inactive Vested Members)

You could also take a refund of your account. When you withdraw your accumulated contributions (member contributions plus interest), you give up all vested rights. In other words, once you cash your

Remember . . .
Once you withdraw your account, your membership ends. You lose your right to any benefits from the GWPORS.

refund check, you are not eligible for a monthly retirement benefit. (§ 19-2-602, MCA, and ARM 2.43.603)

Inactive Vested Members

You are an inactive, vested member when you terminate GWPORS-covered employment, have five or more years membership service, and do not withdraw your GWPORS account. As an inactive, vested member, you may buy any service for which you are eligible. You may apply for a retirement benefit when you meet the minimum age and service requirement. [§ 19-8-301(2), MCA]

Non-Vested Members

If you terminate employment before you become a vested member, you may not purchase service. You will not be eligible for a retirement benefit. However, you are eligible for a refund of your accumulated contributions (your contributions plus interest). The GWPORS will pay you interest until you receive the refund. See page 13 for information on refunds for non-vested members. [§ 19-8-301(3), MCA]

General

You will receive your retirement benefit for life. We will not reduce your benefit by amounts that you receive from other retirement programs, such as Social Security. Upon your death, if you select Option 2 or 3, your contingent annuitant will receive a benefit for life. Section III, on page 25, explains payment options.

2. Retirement Benefits

GWPORS members are eligible to receive benefits upon meeting certain requirements. The GWPORS defined benefit plan provides benefits for members as outlined on the following pages.

Service Retirement

You are eligible for service retirement benefits when you complete 20 years of membership service and reach the age of 50. As stated earlier, the GWPORS is a defined benefit plan. Defined benefit plans use a set or defined formula to calculate your benefit. The GWPORS retirement benefit is based on your highest consecutive 36 months of salary. (§§19-8-101(2) and 19-8-601, MCA)

The basic formula for a monthly service retirement in the GWPORS is: (§19-8-603, MCA)

2.5% x years of Service Credit x Highest Average Compensation (HAC)

An explanation of the factors follows:
(A) Your years of service credit is the amount of full time service you earned (see page 15).
(B) 2.5% (.025) is a factor that determines how much of your HAC you get for each year of service credit.
(C) HAC is the average of your highest consecutive 36 months of salary. Add your highest consecutive 36 months of salary and divide by 36 to get the average monthly salary.

Use these factors to quickly estimate your monthly service retirement benefit:

(A) Years of Service Credit _____

(B) Factor (percentage) x .025

(C) HAC (monthly) x _____

Monthly Benefit = _____

Early Service Retirement

If you terminate your GWPORS-covered employment after completing five years of membership service, but before reaching retirement age, you may file a written application with us to be paid a retirement benefit when you reach age 55. The benefit will be calculated using the normal service retirement benefit formula: (§ 19-8-604, MCA)

2.5% x years of Service Credit x HAC

3. Disability Retirement

To qualify for a disability retirement, you must meet the following requirements. You must be a vested member (at least five years of membership service). The disability must be total and permanent, but if not permanent, then at least of uncertain duration. Your disability must prevent you from doing the essential elements of your job. The disability need not be work-related, but must occur while you are an active member.

Disability Benefit

A member who is disabled as a direct result of service, in the line of duty, and with at least five years of membership service, will receive a disability retirement benefit. The benefit may not be less than one-half the member's HAC. An active member who is disabled, but not in the line of duty, will receive a disability retirement benefit. This benefit is based on the actuarial equivalent of the accrued service retirement benefit when the disability occurred. (§ 19-8-701, MCA)

Disability Reviews

The Board may review the medical condition of any member receiving a disability. Periodic reviews are performed to decide if the member still qualifies for disability retirement. (§ 19-8-712, MCA)

Disability Benefit Cancellation

The Board will cancel a member's disability retirement in the following cases: (§ 19-8-712, MCA)

- ❑ The member is no longer totally disabled and can return to the employment formerly held by the member; or
- ❑ The member refuses to submit the results of a current medical exam for review.

Contact us for complete details about disability benefits and how to apply.

Section III: Payment Options

When you retire, you must select a benefit payment option. Currently, the GWPORS offers four benefit payment options. Some options provide for another person to receive your benefit after your death. That person is your "contingent annuitant."

If you are married, your spouse must witness your choice of payment option and sign the retirement application.

This section provides information on each option, examples of option factors, and some sample calculations.

1. OPTION 1

Option 1 provides the largest monthly benefit amount you may choose. Option 1 is also the basis for all other options. The benefit is computed using the defined benefit formula (see page 22). Members who choose Option 1 will receive the benefit for life. Upon the member's death, the designated beneficiary will receive any balance left in the member's account. That account balance is the amount available at retirement less the total benefits paid to the member. All monthly benefit payments end upon the retiree's death.

NOTE:
Once you choose an Option 1 retirement you may not make a change after cashing your first benefit payment.

2. Option 2

Option 2 is also a monthly benefit. It is less than Option 1, but after your death, your contingent annuitant will receive the same monthly benefit you had been receiving. Option 2 is an annuity based on the lives of two people. Initially the member receives the benefit for life, then the same monthly benefit continues to the contingent annuitant for life.

To compute your Option 2 benefit, your Option 1 benefit is multiplied by an Option 2 factor. The factor is based on the age of both the member and the contingent annuitant at the member's retirement date.

The Option 2 factors listed on pages 28 - 29 are for members 47 to 62 years of age. Contingent annuitant ages are in increments of five years and provide factors for contingent annuitants both older and younger than the member.

These factors are only to provide you with **examples**. There is not enough space available in this publication to print the complete actuarial tables for all Option 2 factors.

3. Option 3

Option 3 is very similar to Option 2. It is also an annuity based on the lives of two people. Initially the member receives the benefit for life, then one-half of the benefit continues to the contingent annuitant for life. Because the contingent annuitant receives half the member's benefit, the member's monthly benefit is larger than the Option 2 benefit.

Option 3 is computed the same as Option 2, using Option 3 factors. The Option 3 factor is based on the age of both the member and the contingent annuitant at the member's retirement date.

The Option 3 factors listed on pages 28 - 29 are for members 47 to 62 years of age. Contingent annuitant ages are in increments of five years and provide factors for contingent annuitants both older and younger than the member.

These factors are only to provide you with **examples**. There is not enough space available in this publication to print the complete actuarial tables for all Option 3 factors.

NOTE:
A retired member may not change their Option 2 or 3 election or their designated contingent annuitant, except in limited circumstances. See page 31 for a brief explanation of the limited circumstances under which there may be a change to the option elected and the contingent annuitant designated at the time of retirement.

4. Service Retirement Option Factors

* Mem = Member's Age ** CA = Contingent Annuitant's Age

Mem *	CA **	Opt 2	Opt 3	Opt 4 10-yr	Opt 4 20-yr	Mem *	CA **	Opt 2	Opt 3	Opt 4 10-yr	Opt 4 20-yr
47	32	0.8165	0.8990	0.993	0.969	51	36	0.7824	0.8779	0.988	0.950
47	37	0.8327	0.9087	0.993	0.969	51	41	0.8013	0.8897	0.988	0.950
47	42	0.8511	0.9196	0.993	0.969	51	46	0.8230	0.9029	0.988	0.950
47	47	0.8713	0.9312	0.993	0.969	51	51	0.8467	0.9170	0.988	0.950
47	52	0.8921	0.9430	0.993	0.969	51	56	0.8713	0.9312	0.988	0.950
47	57	0.9124	0.9542	0.993	0.969	51	61	0.8955	0.9448	0.988	0.950
47	62	0.9311	0.9643	0.993	0.969	51	66	0.9177	0.9571	0.988	0.950
48	33	0.8085	0.8941	0.992	0.965	52	37	0.7731	0.8721	0.987	0.943
48	38	0.8253	0.9043	0.992	0.965	52	42	0.7927	0.8844	0.987	0.943
48	43	0.8445	0.9157	0.992	0.965	52	47	0.8152	0.8982	0.987	0.943
48	48	0.8655	0.9279	0.992	0.965	52	52	0.8400	0.9130	0.987	0.943
48	53	0.8872	0.9402	0.992	0.965	52	57	0.8656	0.9280	0.987	0.943
48	58	0.9084	0.9520	0.992	0.965	52	62	0.8908	0.9422	0.987	0.943
48	63	0.9279	0.9626	0.992	0.965	52	67	0.9140	0.9551	0.987	0.943
49	34	0.8001	0.8889	0.991	0.960	53	38	0.7635	0.8659	0.985	0.937
49	39	0.8176	0.8996	0.991	0.960	53	43	0.7839	0.8789	0.985	0.937
49	44	0.8376	0.9116	0.991	0.960	53	48	0.8073	0.8934	0.985	0.937
49	49	0.8595	0.9244	0.991	0.960	53	53	0.8330	0.9089	0.985	0.937
49	54	0.8821	0.9374	0.991	0.960	53	58	0.8597	0.9246	0.985	0.937
49	59	0.9043	0.9497	0.991	0.960	53	63	0.8859	0.9395	0.985	0.937
49	64	0.9247	0.9609	0.991	0.960	53	68	0.9102	0.9530	0.985	0.937
50	35	0.7914	0.8836	0.990	0.955	54	39	0.7536	0.8595	0.983	0.929
50	40	0.8096	0.8948	0.990	0.955	54	44	0.7747	0.8731	0.983	0.929
50	45	0.8304	0.9073	0.990	0.955	54	49	0.7990	0.8883	0.983	0.929
50	50	0.8532	0.9208	0.990	0.955	54	54	0.8257	0.9045	0.983	0.929
50	55	0.8769	0.9344	0.990	0.955	54	59	0.8536	0.9210	0.983	0.929
50	60	0.9000	0.9473	0.990	0.955	54	64	0.8809	0.9367	0.983	0.929
50	65	0.9213	0.9590	0.990	0.955	54	69	0.9063	0.9508	0.983	0.929

* Mem = Member's Age ** CA = Contingent Annuitant's Age

Mem *	CA **	Opt 2	Opt 3	Opt4 10-yr	Opt4 20-yr	Mem *	CA **	Opt 2	Opt 3	Opt 4 10-yr	Opt 4 20-yr
55	40	0.7433	0.8528	0.980	0.920	59	44	0.6996	0.8232	0.966	0.878
55	45	0.7652	0.8670	0.980	0.920	59	49	0.7247	0.8404	0.966	0.878
55	50	0.7904	0.8830	0.980	0.920	59	54	0.7538	0.8596	0.966	0.878
55	55	0.8182	0.9000	0.980	0.920	59	59	0.7860	0.8802	0.966	0.878
55	60	0.8472	0.9173	0.980	0.920	59	64	0.8197	0.9009	0.966	0.878
55	65	0.8756	0.9337	0.980	0.920	59	69	0.8532	0.9208	0.966	0.878
55	70	0.9021	0.9486	0.980	0.920	59	74	0.8847	0.9388	0.966	0.878
56	41	0.7328	0.8458	0.977	0.911	60	45	0.6880	0.8152	0.962	0.865
56	46	0.7555	0.8607	0.977	0.911	60	50	0.7140	0.8332	0.962	0.865
56	51	0.7816	0.8774	0.977	0.911	60	55	0.7441	0.8533	0.962	0.865
56	56	0.8104	0.8953	0.977	0.911	60	60	0.7775	0.8748	0.962	0.865
56	61	0.8405	0.9134	0.977	0.911	60	65	0.8124	0.8965	0.962	0.865
56	66	0.8702	0.9306	0.977	0.911	60	70	0.8473	0.9173	0.962	0.865
56	71	0.8979	0.9462	0.977	0.911	60	75	0.8801	0.9362	0.962	0.865
57	42	0.7220	0.8385	0.974	0.901	61	46	0.6763	0.8069	0.957	0.852
57	47	0.7454	0.8542	0.974	0.901	61	51	0.7032	0.8257	0.957	0.852
57	52	0.7726	0.8717	0.974	0.901	61	56	0.7343	0.8468	0.957	0.852
57	57	0.8025	0.8904	0.974	0.901	61	61	0.7688	0.8693	0.957	0.852
57	62	0.8337	0.9093	0.974	0.901	61	66	0.8051	0.8920	0.957	0.852
57	67	0.8646	0.9274	0.974	0.901	61	71	0.8414	0.9139	0.957	0.852
57	72	0.8936	0.9438	0.974	0.901	61	76	0.8756	0.9337	0.957	0.852
58	43	0.7109	0.8310	0.971	0.890	62	47	0.6645	0.7984	0.951	0.837
58	48	0.7352	0.8474	0.971	0.890	62	52	0.6922	0.8181	0.951	0.837
58	53	0.7633	0.8658	0.971	0.890	62	57	0.7244	0.8402	0.951	0.837
58	58	0.7943	0.8854	0.971	0.890	62	62	0.7601	0.8637	0.951	0.837
58	63	0.8268	0.9052	0.971	0.890	62	67	0.7978	0.8875	0.951	0.837
58	68	0.8589	0.9241	0.971	0.890	62	72	0.8355	0.9104	0.951	0.837
58	73	0.8891	0.9413	0.971	0.890	62	77	0.8710	0.9311	0.951	0.837

5. Option 4

Option 4 can also provide a continuing benefit to one or more contingent annuitants. As with all options, the member will receive the monthly benefit for life. If the retiree dies before the end of the "certain" or guaranteed period, the contingent annuitant(s) will receive the benefit. Payments to the contingent annuitant(s) will stop when the guaranteed period ends. This benefit has two sub-options.

- **10-year period certain.** You must be **age 75 or younger** when you retire to be eligible for this benefit. **You will receive this benefit for life.** If the member dies within the 10-year period, then the contingent annuitant(s) will receive the same benefit. However, benefit payments to the contingent annuitant(s) will end when the 10-year period ends. The 10-year period begins on the member's effective date of retirement.

- **20-year period certain.** You must be **age 65 or younger** when you retire to be eligible for this benefit. Other than the length of time, the 10– and 20-year period certain options are the same. The 20-year period begins on the member's effective date of retirement.

The retiree who has designated Option 4 may change their contingent annuitant designation. Contingent annuitants receiving the Option 4 benefit may, in turn, designate their own contingent annuitants.

The Option 4 benefit is calculated using Option 4 factors based on the member's age. Factors are provided on the previous two pages for members 47 - 62 years of age. There is not enough space available in this publication to provide the complete actuarial table.

NOTE: If there is more than one contingent annuitant named, upon the death of the retiree, they will receive the continuing benefit payment, divided equally, for the remainder of the 10– or 20-year period.

6. Changes to Options

There are limited circumstances which will allow a retired member to change their option or contingent annuitant, if they are eligible. A written application must be filed with the MPERA to make a change if one of the following conditions are met.

- The original contingent annuitant dies.

- The member and the contingent annuitant divorced and the court did not grant the contingent annuitant the right to receive part of the benefit.

A retired member who selected Option 2 or 3 may file a written application to change their contingent annuitant **and** choose a new option if one of the above conditions are met.

A member who retires **on or after October 1, 1999,** and selects Option 2 or 3 may revert to the higher option 1 retirement benefit as was available at the time of the member's retirement, if one of the above conditions are met. The notification and change must occur within 18 months of the death of or divorce from the contingent annuitant.

(§ 19-8-801, MCA and ARM 2.43.606)

6. Sample Calculations

Service Retirement

Kenny Retire, Age	54
Service Credit	26 years
Highest Average Compensation (HAC)	$3,000 per month
Account Balance at Retirement	$69,796
Contingent Annuitant's Age	54

Option 1 Formula: 2.5% x Service Credit (years) x HAC
.025 x 26 x $3,000 = $1,950/month

Under Payment Option 1, Game Warden Kenny will receive a benefit of $1,950 each month for the remainder of his life. Upon his death, monthly benefit payments will cease. If the total benefits paid to Kenny are less than $69,796, the balance will be paid in a lump-sum payment to his designated beneficiary.

Option 2 Formula: Option 1 Amount x Option 2 Factor
$1,950 x .8257 = $1,610.12 per month

If Kenny elects Option 2, he will receive a benefit of $1,610.12 each month for the remainder of his life. Upon his death, the GWPORS will pay the same amount, $1,610.12, to his contingent annuitant for life.

Option 3 Formula: Option 1 Amount x Option 3 Factor
$1,950 x .9045 = $1,763.78

Option 3 will provide Game Warden Kenny a benefit of $1,763.78 each month. Upon Kenny's death, his contingent annuitant will receive, for life, one-half of Kenny's benefit payment, or $881.89 per month.

Option 4 Formulas:

10-Year certain: Option 1 Amount x 0.9830
$1,950 x .9830 = $1,916.85 per month

20-Year certain: Option 1 Amount x 0.9290
$1,950 x .9290 = $1,811.55 per month

If Game Warden Kenny chooses the 10-year certain payment option, he will receive $1,916.85 per month, for life. Should he die before the 10-year period ends, then his contingent annuitant(s) will receive $1,916.85 per month. The total payment to all contingent

annuitants is $1,916.85, not $1,916.85 to each. Payments will continue for the rest of the 10-year period. If Kenny dies after the 10-year period ends, all payments end. His contingent annuitant(s) won't receive any payments.

If Game Warden Kenny chooses the 20-year certain payment option, he will get $1,811.55 per month, for life. Should he die before the end of the 20-year period, the contingent annuitant(s) receive a total of $1,811.55 per month. Payments end when the 20-year period ends. In the event he dies after the 20-year period ends, his contingent annuitant(s) won't receive any payments. The 10- and 20-year periods begin on the effective date of the member's retirement.

Early Service Retirement

Wanda Retire, Age (at temination of employment)	47
Service Credit	15 years
Highest Average Compensation	$2,200 per month
Account Balance at Retirement	$36,987
Contingent Annuitant's Age	52

Option 1 Formula: 2.5% x Service Credit (years) x HAC
.025 x 15 x $2,200 = $825

Note: Early retirement benefit payments may not begin before the member's 55th birthday.

Wanda does not have 20 years of membership service. She can receive a retirement benefit of $825 **when she reaches the age of 55** years. She will receive this benefit for the remainder of her life. Upon her death, her beneficiaries will receive the balance of her account. The balance is equal to the amount at retirement less all benefits paid to her. We will pay the balance in one lump sum payment.

Note: Wanda may receive a retirement benefit at age 55 (her contingent annuitant will then be age 60. Her Option 1 benefit will be $825. To calculate Wanda's Option 2, 3 or 4 early retirement benefit: Multiply $825 by the factors on page 28.

Section IV: Additional Information

1. Death Benefits

Upon your death, if you were receiving an Option 2, 3, or 4 benefit, your contingent annuitant will receive the benefit as explained in Section III, Payment Options.

A named beneficiary will receive a death benefit under limited circumstances as explained on the next pages.

Beneficiaries

Members may designate any persons, charitable organization, or trust (for the benefit of a living person) they wish as their beneficiaries. You must designate your beneficiaries on a GWPORS membership card and give the card to your payroll clerk. The clerk will send the card to us. Whenever you wish, you may name new beneficiaries by sending us a new membership card. If you are an inactive member, call us and we will send you a new card. Beneficiaries are either primary or contingent. Contingent beneficiaries will only receive something if no living primary beneficiary exists. (§ 19-2-801 and 19-2-802, MCA)

Keep your designated beneficiaries current. You may change your beneficiaries only by filing a new membership card with the MPERA.

NOTE:
Advise your beneficiary to contact the MPERA for complete details about benefits in the event of your death.

Death Benefit Claim - Active or Inactive Member

Upon receipt of notification of a member's death, we will send a death benefit claim to the designated beneficiary. To make a claim for a death benefit, the beneficiary must return the form to the MPERA along with written proof of the member's death. A copy of the death certificate is the best document to send.

Account Balance - Retired Member

If you retire under Option 1, and you die before receiving benefits equal to your account (your contributions plus interest), your beneficiary will receive your remaining account balance. Your remaining account balance is your contributions plus interest to date of retirement minus any benefit payments you received. (§ 19-8-1002, MCA)

Death Prior to Retirement

The beneficiary of a member who dies before retirement age, in a **non-duty related death**, is entitled to select one of the following options for which the member qualified and the beneficiary qualifies:

1. a lump-sum payment of the member's accumulated contributions; or
2. a monthly survivorship benefit equal to the actuarial equivalent of the early retirement benefit for life (§19-8-1003, MCA)

If a member dies as a **direct result of injuries received in the course of the member's services**, the beneficiary is entitled to one of the following:

25 years or less of service credit: a monthly survivorship benefit equal to 50% of the member's HAC.

More than 25 years of service credit: a monthly survivorship benefit equal to 2% of the member's HAC for each year of service credit. (§ 19-8-1001, MCA)

2. Benefit Increases

The Guaranteed Annual Benefit Adjustment (GABA) will increase your retirement benefit every year **if you are eligible.**

GABA

The GABA insures an increase of three percent over the previous year. Other events which increase your benefit will reduce the amount you get from the GABA. If the other increases are three percent or more, then you will get no increase from the GABA. (§19-8-1105, MCA)

The GABA applies to:

- Service Retirement
- Early Service Retirement
- Disability Retirement
- Survivorship Benefit

It also applies to recipients, other than members, such as contingent annuitants and survivors.

Eligibility for GABA Benefits

You must meet some conditions before you will get a raise under the GABA. First, you must receive your benefit for at least 12 months. For example, if you retired on July 1, 2001, you will meet the 12-month requirement on July 1, 2002. You won't receive your first GABA raise until January 1, 2003. You will receive your first GABA increase beginning with your January 1, 2003, benefit as explained on the next page.

Effective Date of GABA Benefits

The annual GABA increase for the calendar year begins with the January benefit after you have been retired for 12 months. We will apply the increase of up to three percent beginning with your January benefit. The monthly benefit is mailed to you or transferred electronically to your bank on the last working day of each month.

NOTE:
Your January benefit payment is mailed to you on the last working day of January. If you get your benefit by electronic transfer, the transfer takes place on the last working day of January. However, your bank may not add the transfer to your account until the next working day. With electronic transfer, you receive your money one or two days sooner than with a paper check through the mail.

3. Taxes on Benefits

Some or all of your retirement benefit will be subject to federal and state income taxes. You must pay taxes on any part of your benefit derived from contributions which were not taxed (tax-deferred) during your working career. You paid income tax on any money you contributed before July 1, 1985. Also, you paid the tax on any contributions you paid to buy service before the year 2000. After the year 2000, you do not pay tax on any contributions paid by a payroll deduction to buy service. (See Purchase of Service, page 12.) You have not paid taxes on the money you have contributed since July 1, 1985. Nor have you paid taxes on the interest your account earns. If some of your benefit comes from tax-deferred money you must pay taxes on that part.

Tax Statements

Once you are retired and receiving a benefit, each year we will send you a Distributions Form (Federal Form 1099R). The 1099R is similar to a W-2 Form. We send the form to all people who receive any payment from the GWPORS, not just the members. The 1099R will show the gross taxable amount you received during the past calendar year. This form will also show any state or federal taxes withheld during the year. We base withholding rates on current federal and state tax law.

Tax laws that apply to retirement benefits change frequently. You should contact a tax professional for specific, up-to-date information about state and federal taxes.

Taxes on Refunds

The tax-deferred portion of a lump-sum refund is subject to state and federal taxes. If you receive the refund, the IRS may assess an additional 10% penalty for early withdrawal. We will withhold 20% for tax purposes if we send the refund directly to you. Taxable

amounts for state and federal taxes may be different, because the state does not tax the interest. You may avoid paying the withholding tax by "rolling-over" the taxable part into an IRA or other eligible plan. Rolling over your refund also allows you to avoid the penalty. If you accept a lump sum payment, IRS rules allow you 60 days to reinvest or roll the refund over into an eligible plan. Be prepared to provide the IRS documentation of this reinvestment or roll-over to avoid paying the 10% penalty.

If you receive the payment, we must withhold federal taxes and the IRS will charge for an early withdrawal. Roll the money over and no money will be withheld for taxes.

Remember, when you receive the refund directly, the IRS requires us to withhold 20% for taxes. The amount withheld may or may not be enough to pay any tax or penalty you may owe. If the IRS assesses a penalty, you must pay it when you file your income taxes. You must provide documents to the IRS of your reinvestment or "roll-over" of your refund, as described above, to avoid payment of the penalty.

You will receive a Distributions Form (Federal Form 1099R). It will list the gross distribution, the taxable part, and any federal or state taxes withheld from the refund. The 1099R is an important document that you must keep for your tax records. We will not send you another 1099R at the end of the year. If you lose your 1099R, you can request a duplicate from us.

4. Assignment of Benefits

In very limited cases, including a Family Law Order (FLO), the court may assign your GWPORS benefits to another person. A FLO must be a judgment, decree or order of a Montana court. It may give all or part of your payment rights to someone else. Courts from other states may also assign your benefit with a Support Obligation. Support Obligations must meet requirements similar to those for a FLO. (§19-2-907 and 19-2-909, MCA)

Your retirement benefit may not be assigned to another person under ERISA, a federal law governing private pension benefits; nor may a Qualified Domestic Relations Order assign your benefits to another person. However, the IRS may place a levy against your benefit for unpaid taxes.

Family Law Order (FLO)

A FLO may require the MPERA to pay all or part of your benefit or refund to another person. That person is an alternate payee. A Montana court may issue a FLO for child or parental support, spousal maintenance, or marital property rights. The FLO may require that you pay an alternate payee a set sum or percentage of your benefit. For example, the FLO may require you to pay $500 per month until you pay a set sum of $12,000. Or, the FLO may require you to pay 50% of your monthly benefit for as long as you get a benefit. The FLO may also require you to choose a specific option, contingent annuitant, or beneficiary.

A FLO may not require the MPERA to pay a type of benefit unless that benefit is available to you. Nor can a FLO require an amount or length of payment greater than payable to you. This means a FLO cannot require the MPERA to make any payments before you retire or take a refund. Also, it may not require payments that are more than the amount the MPERA may pay you. (§ 19-2-907 and 19-2-909 MCA)

5. For More Information

If you want an estimate of your benefit, or a cost statement for buying service, please contact us in writing. Any estimates you get from any other source may be wrong. The MPERA is not responsible for any information from other sources. You must contact us for application forms if you are considering service or disability retirement. You should instruct your beneficiaries to contact us in the event of your death. When you correspond with the MPERA by mail or fax, please include your full name, printed **and signed**, your Social Security Number, and your return address and daytime telephone number.

Mailing Address: **MPERA**
PO Box 200131
Helena MT 59620-0131

FAX Number: **406-444-5428**

You may also e-mail requests to the MPERA. Be sure to include your full name, Social Security Number, and return address and daytime telephone number.

E-mail Address: **Mpera@state.mt.us**

We invite you to call or visit the MPERA in Helena at 100 North Park Avenue, Suite 220. Our office hours are Monday through Friday, 8:00 a.m. to 5:00 p.m, except on designated state holidays. **It is most helpful for staff if you make an appointment in advance when you are planning to visit our office.** Phone our office at 406-444-3154 or toll free, 877-275-7372. If our phone lines are busy when you call, you may have to leave a voice mail message. Be sure to leave your name, telephone number, and Social Security Number first, then a brief message.

NOTE: To avoid confusion, you should put in writing any questions requesting **specific details** about retirement options or service credit. We will give you a **specific written response.**

GLOSSARY OF TERMS

ACTIVE MEMBER - a member in a GWPORS-covered job, making the required contributions, and properly reported for the most current reporting period.

ACTUARIAL COST - the amount determined by the Board in a uniform and nondiscriminatory manner to represent the present value of the benefits to be derived from the additional service to be credited based on the most recent actuarial valuation for the system and the age, years until retirement, and current salary of the member.

ADDITIONAL CONTRIBUTIONS - a member's payments to purchase various types of optional service credit under an installment contract.

BENEFIT - a service or disability retirement or survivorship provided by the GWPORS.

COMPENSATION - the pay an employee receives before deducting taxes or social security in accordance with §19-8-101(1).

CONTINGENT ANNUITANT - a person the retired member names to receive a continuing benefit after the member's death.

CREDITED SERVICE or SERVICE CREDIT - the periods in which you contribute the required money to the GWPORS. The MPERA uses service credit to calculate the amount of your benefit. If you work 160 hours or more in any month, you get 1 month of service credit. If you work less than 160 hours, you will receive credit for a partial month. For example, if you work 80 hours, you receive ½ of a month of service credit.

DESIGNATED BENEFICIARY - the person a member names to receive any survivorship benefits or lump-sum payments upon the member's death. Designated beneficiaries are either primary or contingent.

DISABILITY - total physical or mental incapacity of a member to do the essential functions of the member's job. You must become disabled while an active member, and it must be permanent or of an extended or uncertain period.

EMPLOYEE - a person employed by a GWPORS employer in any capacity and the employer pays the person's salary.

EMPLOYER - the state, its university system, or political subdivisions that contract with the Board to cover their employees under the GWPORS.

FAMILY LAW ORDER (FLO) - an order from a Montana court that may assign all or part of a participant's payment.

HIGHEST AVERAGE COMPENSATION (HAC)) - the member's highest average monthly compensation received for any 3 years of continuous service. Lump-sum payments for severance pay including compensatory leave, sick leave, and annual leave may not be added to a single month's pay. Your HAC may include termination payments, but only if they replace regular pay on a month for month basis.

INACTIVE MEMBER - a member who ends GWPORS-covered employment and does not withdraw his or her GWPORS account.

LUMP-SUM PAYMENTS - amounts, which may include interest, that are payable instead of monthly benefits.

MEMBER - any person with contributions and service on account with the GWPORS. Persons receiving retirement benefits based on previous service credit are also members.

MEMBERSHIP SERVICE or YEARS OF SERVICE - the periods of service used to decide vesting and eligibility for retirement or other benefits. You get 1 month credit for any month you contribute to the GWPORS.

PART-TIME EMPLOYMENT - any month during which the employer pays the member for less than 160 hours.

PARTICIPANT - a member, beneficiary, survivor, or contingent annuitant who is receiving, or may receive, a benefit or payment from the GWPORS.

REFUND - a withdrawal of all the money in a member's GWPORS account. By taking a refund, the member gives up all rights to any benefit from the GWPORS.

REGULAR CONTRIBUTIONS - the payments an active member must make to the GWPORS. The payments are a percentage of the member's monthly pay and are tax-deferred.

REGULAR INTEREST - the payments made to a member's account at rates set by the Board. This interest is tax-deferred. Also, the amount charged to buy service on a monthly payment plan. These rates may not be the same.

RETIREMENT BENEFIT - the monthly payment to a member, for life, following service or disability retirement.

RETIREMENT or RETIRED - a person who has terminated active service, applied for the benefits provided by the GWPORS, and received at least one benefit payment.

SERVICE - employment of an employee in a position covered by a retirement system.

SURVIVORSHIP BENEFIT - monthly payments for life to the beneficiary of a vested member who died while an active member.

VESTED MEMBER or VESTED - the status of a member with at least 5 years of membership service. A vested member is entitled to retirement when they meet the minimum service or age provision.

Alternate Accessible Format

The MPERA will provide alternative accessible formats of this document upon request. Persons with disabilities, who need an alternative accessible format of this information, should contact us.

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